

HARTLAND TOWNSHIP

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED MARCH 31, 2008

## **HARTLAND TOWNSHIP**

### **TOWNSHIP OFFICIALS**

Supervisor - Bill Fountain  
Clerk - Ann Ulrich  
Treasurer - Kathleen Horning

### **TOWNSHIP BOARD**

Joseph Colainne  
Bill Fountain  
Glenn Harper  
Larry Hopkins  
Kathleen Horning  
Joseph Petrucci  
Ann Ulrich

### **TOWNSHIP ATTORNEY**

Foster, Swift, Collins & Smith, P.C.

### **TOWNSHIP AUDITORS**

Pfeffer, Hanniford & Palka  
Certified Public Accountants

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**PFEFFER • HANNIFORD • PALKA**  
*Certified Public Accountants*

**John M. Pfeffer, C.P.A.**  
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July 31, 2008

Board of Trustees  
Hartland Township  
2655 Clark Road  
Hartland, Michigan 48353

**INDEPENDENT AUDITORS' REPORT**

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hartland Township, as of and for the year ended March 31, 2008, which collectively comprise the Hartland Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hartland Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hartland Township, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages 8 through 13 and 46 through 55 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hartland Township's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pfeffer, Hanniford & Palka, P.C.*

**PFEFFER, HANNIFORD & PALKA**  
**Certified Public Accountants**

MANAGEMENT DISCUSSION  
AND  
ANALYSIS

## Management Discussion and Analysis March 31, 2008

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Within this section of Hartland Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

### Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements***

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing, and from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

## ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

*Governmental funds* are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of available resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

*Proprietary funds* are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

*Fiduciary funds* are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

## ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

## ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and statements for individual fund activity are presented in a subsequent section of this report.

The Township as a Whole - Government-Wide Financial Analysis

The Township's net assets at the end of the fiscal year were \$19,470,452. This is a \$177,299 decrease over last year's net assets of \$19,647,751.

The following tables provide a summary of the Township's financial activities and changes in net assets:

**Summary of Net Assets**

	Governmental Activities		Business-type Activities		Totals	
	3/31/2008	3/31/2007	3/31/2008	3/31/2007	3/31/2008	3/31/2007
Current and other assets	\$ 8,372,859	\$ 7,438,864	\$ 31,083,589	\$ 35,501,781	\$ 39,456,448	\$ 42,940,645
Capital assets	5,762,491	3,809,920	9,080,090	9,511,350	14,842,581	13,321,270
Total assets	14,135,350	11,248,784	40,163,679	45,013,131	54,299,029	56,261,915
Other liabilities	522,133	395,929	215,910	2,707,837	738,043	3,103,766
Long-term liabilities	3,010,093	2,429,957	31,080,441	31,080,441	34,090,534	33,510,398
Total liabilities	3,532,226	2,825,886	31,296,351	33,788,278	34,828,577	36,614,164
Net assets:						
Invested in capital assets, net of related debt	3,332,398	1,208,214	2,605,090	2,586,350	5,937,488	3,794,564
Unrestricted	7,270,726	7,214,684	6,262,238	8,638,503	13,532,964	15,853,187
Total net assets	\$ 10,603,124	\$ 8,422,898	\$ 8,867,328	\$ 11,224,853	\$ 19,470,452	\$ 19,647,751

### Summary of Changes in Activities

	Governmental Activities		Business-type Activities		Totals	
	3/31/2008	3/31/2007	3/31/2008	3/31/2007	3/31/2008	3/31/2007
REVENUES						
Program revenues						
Charges for services	\$ 354,081	\$ 316,984	\$ 852,011	\$ 821,095	\$ 1,206,092	\$ 1,138,079
Operating contributions	608,022	6,135			608,022	6,135
Capital contributions		23,774	119,327	2,468,275	119,327	2,492,049
General revenues						
State shared revenues	751,856	747,783			751,856	747,783
Property taxes	1,853,546	1,767,031			1,853,546	1,767,031
Interest income	335,626	336,432	1,522,998	1,469,044	1,858,624	1,805,476
Transfers	(168,942)		168,942			
Other	176,410	132,582	37,156	39,650	213,566	172,232
Gain/loss on disposal of assets	1,271,769			(9,593,449)	1,271,769	(9,593,449)
Total revenues	<u>5,182,368</u>	<u>3,330,721</u>	<u>2,700,434</u>	<u>(4,795,385)</u>	<u>7,882,802</u>	<u>(1,464,664)</u>
EXPENSES						
General government	1,504,837	1,330,605			1,504,837	1,330,605
Public safety	1,220,456	951,164			1,220,456	951,164
Parks and recreation	44,486	15,937			44,486	15,937
Public works	84,852	112,216			84,852	112,216
Community development	19,800	19,800			19,800	19,800
Cemetery	19,730	18,931			19,730	18,931
Interest on governmental long-term debt	107,981	85,345			107,981	85,345
Water system			764,404	759,207	764,404	759,207
Sewer system			4,293,555	7,843,029	4,293,555	7,843,029
Total expenses	<u>3,002,142</u>	<u>2,533,998</u>	<u>5,057,959</u>	<u>8,602,236</u>	<u>8,060,101</u>	<u>11,136,234</u>
Change in net assets	2,180,226	796,723	(2,357,525)	(13,397,621)	(177,299)	(12,600,898)
Beginning net assets	<u>8,422,898</u>	<u>7,626,175</u>	<u>11,224,853</u>	<u>24,622,474</u>	<u>19,647,751</u>	<u>32,248,649</u>
Ending net assets	<u>\$ 10,603,124</u>	<u>\$ 8,422,898</u>	<u>\$ 8,867,328</u>	<u>\$ 11,224,853</u>	<u>\$ 19,470,452</u>	<u>\$ 19,647,751</u>

The overall financial status of the governmental funds improved by an increase of net assets of \$2,180,226 for the year ended March 31, 2008. The large increase net assets is due to the sale of land held by the Township.

The business-type funds decreased its net assets by \$2,357,525 for the year ended March 31, 2008. This decrease is primarily due to construction costs associated with connecting to Genesee County's sewage treatment system.

#### Financial Analysis of the Township's Funds

The Township has determined it had three major governmental funds for the year ended March 31, 2008. These funds are the General Fund, the Fire Operating Fund, and the Township Hall Construction Fund.

The General Fund's fund balance decreased by \$573,850. This substantial decrease from the prior year is primarily due to an operating transfer to the Capital Improvement fund.

The Fire Operating Fund fund balance increased \$266,324. The expenditures in this fund fluctuates with the Hartland Deerfield Fire Authority's approved budget, and was a reduction from the previous year. Therefore, this funds monetary health is dependent on the needs of the Authority.

The Township Hall Construction Fund's fund balance decreased by \$1,043,883 due to construction costs incurred. The Township expects to close this fund by the end of 2008/2009 fiscal year.

The Township has determined it had two major business-type funds for the year ended March 31, 2008. These funds included the Water System Fund and the Sewage Disposal System Fund.

The Water System Fund's net assets decreased by \$20. This is a decrease from the prior fiscal years' performances due to less connection fees received for its new users. Operating losses remain, and are likely to continue until new users can be added to the system.

The Sewage Disposal System Fund decreased its net assets by \$2,357,505. The Township spent \$2,390,148 in order to connect to Genesee County's system. This system is not owned by Hartland Township and will be expensed as it is incurred. A deficit occurred in this fund, and the Township will be addressing this issue.

#### General Fund Budgetary Highlights

The General Fund's budget was adopted prior to the start of the fiscal year ended March 31, 2008. However, several amendments were made during the year to bring it closer to economic reality. The General Fund exceeded budgeted appropriations in the Township Hall and Unallocated activities.

#### Capital Asset and Debt Administration

The Township acquired \$2,077,966 of new capital assets for its governmental funds. Included in this figure were acquisitions related to the construction costs for the new Township hall, idle sewer land, and emergency equipment.

No new capital assets were purchased for the business-type funds, but there was \$228,038 of depreciation for the existing systems. The idle sewage treatment system and was transferred to the general fund.

The governmental funds issued \$608,000 of new debt during the fiscal year to the finance a portion of the construction costs related to the Rolling Hills Road project, and paid \$171,613 of principal to reduce the mortgages on the township and fire halls.

The business-type funds issued no new debt during the year, but paid \$1,715,000 of principal to reduce the existing debt.

### Economic Conditions and Future Activities

Outstanding debt related to connecting to the Genesee County's sewage treatment system exceeds the assessments to repay the bonds. The Township anticipates that connection fees received will cover this shortfall, but will be evaluating alternative measures to ensure it will be able to meet its debt requirements.

### Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or to request additional information please contact Hartland Township at 2655 Clark Road, Hartland, Michigan 48353.

## BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE  
FINANCIAL  
STATEMENTS

HARTLAND TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 7,428,044	\$ 1,684,354	\$ 9,112,398
Cash and cash equivalents - restricted		7,058,884	7,058,884
Receivables			
Taxes	150,008		150,008
State shared revenues	118,142		118,142
Special assessments	540,312	20,087,118	20,627,430
Interest	4,707		4,707
Accounts	46,453	1,557,238	1,603,691
Intergovernmental		316,768	316,768
County construction		124,321	124,321
Other	85,193		85,193
Inventory		20,409	20,409
Debt issuance costs - net of amortization		234,497	234,497
Capital assets - net of depreciation	5,762,491	9,080,090	14,842,581
Total assets	14,135,350	40,163,679	54,299,029
<u>LIABILITIES</u>			
LIABILITIES			
Accounts payable	133,515	91,657	225,172
Accrued wages/taxes	27,259		27,259
Accrued interest payable		123,349	123,349
Intergovernmental payable	265,930	904	266,834
Deferred revenues	41,908		41,908
Compliance reserve	53,521		53,521
Contacts/bonds payable			
Current	229,988	1,740,000	1,969,988
Noncurrent	2,780,105	29,340,441	32,120,546
Total liabilities	3,532,226	31,296,351	34,828,577
<u>NET ASSETS</u>			
NET ASSETS			
Invested in capital assets, net of related debt	3,332,398	2,605,090	5,937,488
Unrestricted	7,270,726	6,262,238	13,532,964
Total net assets	\$ 10,603,124	\$ 8,867,328	\$ 19,470,452

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Programs Revenues		
		Charges for Services	Operating Contributions	Capital Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ (1,504,837)	\$ 340,740	\$	\$
Parks and recreation	(44,486)			
Police protection	(240,111)	6,130		
Fire protection	(980,345)			
Cemetery	(19,730)	7,211		
Community development	(19,800)			
Public works	(33,651)			
Road improvements	(51,201)		608,022	
Interest on long-term debt	(107,981)			
Total governmental activities	(3,002,142)	354,081	608,022	
Business-type activities				
Water system	(764,404)	264,115		57,012
Sewer system	(4,293,555)	587,896		62,315
Total business-type activities	(5,057,959)	852,011		119,327
Total	\$ (8,060,101)	\$ 1,206,092	\$ 608,022	\$ 119,327

General revenues and transfers  
Property taxes  
State shared revenues  
Interest income  
Franchise fees  
Rental income  
Other income  
Gain on disposal of assets  
Transfers

Total general revenues  
and transfers

Changes in net assets

Net assets, April 1, 2007

Net assets, March 31, 2008

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes  
in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,164,097)	\$	\$ (1,164,097)
(44,486)		(44,486)
(233,981)		(233,981)
(980,345)		(980,345)
(12,519)		(12,519)
(19,800)		(19,800)
(33,651)		(33,651)
556,821		556,821
(107,981)		(107,981)
<u>(2,040,039)</u>		<u>(2,040,039)</u>
	(443,277)	(443,277)
	<u>(3,643,344)</u>	<u>(3,643,344)</u>
	(4,086,621)	(4,086,621)
<u>(2,040,039)</u>	<u>(4,086,621)</u>	<u>(6,126,660)</u>
1,853,546		1,853,546
751,856		751,856
335,626	1,522,998	1,858,624
130,592		130,592
25,300	36,950	62,250
20,518	206	20,724
1,271,769		1,271,769
(168,942)	168,942	
<u>4,220,265</u>	<u>1,729,096</u>	<u>5,949,361</u>
2,180,226	(2,357,525)	(177,299)
<u>8,422,898</u>	<u>11,224,853</u>	<u>19,647,751</u>
<u>\$ 10,603,124</u>	<u>\$ 8,867,328</u>	<u>\$ 19,470,452</u>

FUND  
FINANCIAL  
STATEMENTS

HARTLAND TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>General</u>	<u>Fire Operating</u>	<u>Township Hall Construction</u>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 3,261,594	\$ 1,974,265	\$ 2,816
Receivables			
Taxes	45,110	104,898	
State shared revenues	118,142		
Special assessments			
Accounts	17,964		
Interest		4,707	
Due from other funds	196,226		
Due from others	19,675	65,518	
	<u>19,675</u>	<u>65,518</u>	<u>          </u>
Total assets	<u>\$ 3,658,711</u>	<u>\$ 2,149,388</u>	<u>\$ 2,816</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 131,353	\$ 29	\$
Accrued wages and absences	27,259		
Compliance reserves	53,521		
Due to other funds	1,731,516		
Deferred revenues	41,908		
	<u>1,985,557</u>	<u>29</u>	<u>          </u>
Total liabilities			
FUND BALANCES			
Reserved			
Public safety		2,149,359	
Public works			
Debt service			
Unreserved	1,673,154		2,816
	<u>1,673,154</u>	<u>2,149,359</u>	<u>2,816</u>
Total fund balance			
	<u>\$ 3,658,711</u>	<u>\$ 2,149,388</u>	<u>\$ 2,816</u>
Total liabilities and fund balance			

The accompanying notes are an integral part of these financial statements

Other Non-Major Funds	Total
\$ 2,189,369	\$ 7,428,044
	150,008
	118,142
540,312	540,312
28,489	46,453
	4,707
1,413,545	1,609,771
	85,193
<u>\$ 4,171,715</u>	<u>\$ 9,982,630</u>

\$ 2,133	\$ 133,515
	27,259
	53,521
144,185	1,875,701
536,490	578,398
<u>682,808</u>	<u>2,668,394</u>

33,980	2,183,339
735,546	735,546
63,538	63,538
2,655,843	4,331,813
<u>3,488,907</u>	<u>7,314,236</u>
<u>\$ 4,171,715</u>	<u>\$ 9,982,630</u>

HARTLAND TOWNSHIP  
RECONCILIATION OF STATEMENT OF NET ASSETS  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
MARCH 31, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 7,314,236
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 6,854,996	
Accumulated depreciation	<u>(1,092,505)</u>	
Capital assets net of depreciation		5,762,491
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Contracts/bond payable		(3,010,093)
Assessment not collected are reported as deferred revenue in the fund statements, and are reported as income as levied in the Statement of Activities		<u>536,490</u>
Net assets of governmental activities		<u><u>\$ 10,603,124</u></u>

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>General</u>	<u>Fire Operating</u>	<u>Township Hall Construction</u>
REVENUES			
Taxes	\$ 553,899	\$ 1,299,647	\$
Special assessments			
Intergovernmental - state	751,856		
Licenses and permits	18,757		
Rental income	25,300		
Franchise fees	38,704		
Charges for services	321,983		
Interest	153,468	62,112	6,556
Miscellaneous	19,918		
	<u>1,883,885</u>	<u>1,361,759</u>	<u>6,556</u>
Total revenues			
EXPENDITURES			
Current			
General government	1,177,114		
Parks and recreation	44,486		
Police protection/public safety	238,141		
Fire protection		916,949	
Cemetery			
Streetlights	12,329		
Road improvements	44,900		
Drains	21,322		
Community development	19,800		
Debt service			
Principal		98,230	
Interest		53,317	
Capital outlay			
General government	666,859		1,696,692
Fire protection		26,939	
	<u>2,224,951</u>	<u>1,095,435</u>	<u>1,696,692</u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>(341,066)</u>	<u>266,324</u>	<u>(1,690,136)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	1,371,201		
Loan proceeds			
Transfers in	237,463		646,253
Transfers (out)	(1,841,448)		
	<u>(232,784)</u>		<u>646,253</u>
Total other financing sources (uses)			
Net changes in fund balances	(573,850)	266,324	(1,043,883)
FUND BALANCE, APRIL 1, 2007	<u>2,247,004</u>	<u>1,883,035</u>	<u>1,046,699</u>
FUND BALANCE, MARCH 31, 2008	<u>\$ 1,673,154</u>	<u>\$ 2,149,359</u>	<u>\$ 2,816</u>

The accompanying notes are an integral part of these financial statements

Other Non-Major Funds	Total
\$	\$ 1,853,546
104,717	104,717
	751,856
6,130	24,887
	25,300
91,888	130,592
7,211	329,194
86,862	308,998
	19,918
<u>296,808</u>	<u>3,549,008</u>
26,799	1,203,913
	44,486
1,970	240,111
	916,949
19,730	19,730
	12,329
6,301	51,201
	21,322
	19,800
101,383	199,613
86,454	139,771
	2,363,551
	26,939
<u>242,637</u>	<u>5,259,715</u>
<u>54,171</u>	<u>(1,710,707)</u>
	1,371,201
608,000	608,000
1,518,684	2,402,400
<u>(729,894)</u>	<u>(2,571,342)</u>
<u>1,396,790</u>	<u>1,810,259</u>
1,450,961	99,552
<u>2,037,946</u>	<u>7,214,684</u>
<u>\$ 3,488,907</u>	<u>\$ 7,314,236</u>

HARTLAND TOWNSHIP  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2008

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$	99,552
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which depreciation exceeded capital outlay is as follows:

Capital outlay	\$ 2,188,252		
Depreciation expense	<u>(136,849)</u>		
Total			2,051,403

The Statement of Activities reports a gain/loss on the sale/disposal of capital based on the proceeds received and the net book value of the assets at the time of the sale.

Historical cost of assets disposed	(110,286)		
Accumulated depreciation of assets disposed	<u>11,454</u>		
Total			(98,832)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Repayment of contracts/notes payable		199,613
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Proceeds from bond sales are other financing sources in the governmental funds, but are long-term liabilities in the Statement of Net Assets.

Bond proceeds		(608,000)
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Assessment not collected are reported as deferred revenue in the fund statements, and are reported as income as, levied in the Statement of Activities.

Total amount levied during the year	608,022		
Principal collected during the year	<u>(71,532)</u>		
Total			<u>536,490</u>

Change in net assets of governmental activities	\$	<u><u>2,180,226</u></u>
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The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
MARCH 31, 2008

	<u>ASSETS</u>	<u>Water System</u>	<u>Sewage Disposal System</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 997,947	\$ 686,407	\$ 1,684,354	
Accounts receivable	65,304	1,491,934	1,557,238	
Due from other funds		316,768	316,768	
Inventory	20,409		20,409	
Total current assets	1,083,660	2,495,109	3,578,769	
<b>RESTRICTED ASSETS</b>				
Cash and cash equivalents	1,821,824	5,237,060	7,058,884	
Special assessments receivable	5,530,854	14,556,264	20,087,118	
Due from county - construction fund		124,321	124,321	
Debt issuance costs, net	89,040	145,457	234,497	
Total restricted assets	7,441,718	20,063,102	27,504,820	
<b>CAPITAL ASSETS</b>				
Land	300,000	1,044,008	1,344,008	
Water system	9,110,267		9,110,267	
	9,410,267	1,044,008	10,454,275	
Less accumulated depreciation	(1,374,185)		(1,374,185)	
Net capital assets	8,036,082	1,044,008	9,080,090	
Total assets	16,561,460	23,602,219	40,163,679	

	<u>LIABILITIES</u>		
<b>CURRENT LIABILITIES</b>			
Accounts payable/accrued payroll expense	31,921	59,736	91,657
Accrued interest payable	123,349		123,349
Due to other funds	904		904
Contracts payable - current portion		1,290,000	1,290,000
Bonds payable - current portion	450,000		450,000
Total current liabilities	606,174	1,349,736	1,955,910
<b>LONG-TERM LIABILITIES</b>			
Contracts payable - less current portion		23,315,441	23,315,441
Bonds payable - less current portion	6,025,000		6,025,000
Total long-term liabilities	6,025,000	23,315,441	29,340,441
Total liabilities	6,631,174	24,665,177	31,296,351

	<u>NET ASSETS</u>		
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,561,082	1,044,008	2,605,090
Unrestricted	8,369,204	(2,106,966)	6,262,238
Total net assets	\$ 9,930,286	\$ (1,062,958)	\$ 8,867,328

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	Water System Fund	Sewage Disposal System Fund	Totals
OPERATING REVENUES			
User charges	\$ 258,575	\$ 587,896	\$ 846,471
Meter sales	5,540		5,540
Total operating revenues	<u>264,115</u>	<u>587,896</u>	<u>852,011</u>
OPERATING EXPENSES			
Expansion projects		2,390,148	2,390,148
Usage fees		693,731	693,731
Depreciation	228,038		228,038
Consulting engineer	163,992		163,992
Contract services	5,632	25,404	31,036
Meters	11,936		11,936
Legal fees	2,237	380	2,617
Audit fees	4,133	5,133	9,266
Repairs and maintenance	5,567	121,412	126,979
Supplies and postage	937	1,926	2,863
Miscellaneous	1,911	1,560	3,471
Insurance	6,756		6,756
Wages and payroll taxes	28,526	50,807	79,333
Total operating expenses	<u>459,665</u>	<u>3,290,501</u>	<u>3,750,166</u>
Operating (loss)	<u>(195,550)</u>	<u>(2,702,605)</u>	<u>(2,898,155)</u>
NON-OPERATING REVENUES AND (EXPENSES)			
Interest income - special assessments	341,273	782,153	1,123,426
Interest income - cash and cash equivalents	101,984	297,588	399,572
Amortization - bond fees	(6,720)	(7,313)	(14,033)
Rental and other income		37,156	37,156
Interest expense	(298,019)	(995,741)	(1,293,760)
Total non-operating revenues (expenses)	<u>138,518</u>	<u>113,843</u>	<u>252,361</u>
Net (loss) before capital contributions/transfers	(57,032)	(2,588,762)	(2,645,794)
CAPITAL CONTRIBUTIONS			
Tap-in fees	57,012	62,315	119,327
TRANSFERS IN		322,764	322,764
TRANSFERS (OUT)		(153,822)	(153,822)
Net (loss)	(20)	(2,357,505)	(2,357,525)
NET ASSETS AT APRIL 1, 2007	<u>9,930,306</u>	<u>1,294,547</u>	<u>11,224,853</u>
NET ASSETS AT MARCH 31, 2008	<u><u>\$ 9,930,286</u></u>	<u><u>\$ (1,062,958)</u></u>	<u><u>\$ 8,867,328</u></u>

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	Water System Fund	Sewage Disposal System Fund	Totals
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Cash from users	\$ 267,366	\$ 570,832	\$ 838,198
Cash paid to vendors	(188,074)	(1,860,179)	(2,048,253)
Cash paid to employees	(26,367)	(50,651)	(77,018)
Other cash receipts		37,156	37,156
Cash from other funds	4,863	10,355	15,218
	<u>57,788</u>	<u>(1,292,487)</u>	<u>(1,234,699)</u>
Net cash from (used in) operating activities			
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES			
Connection fees received	57,012	62,315	119,327
Special assessment collections	601,074	1,182,482	1,783,556
Interest received on assessments	341,273	782,153	1,123,426
Repayment of principal on bonds	(450,000)	(1,265,000)	(1,715,000)
Interest/fee paid on bonds	(306,550)	(996,541)	(1,303,091)
Proceeds from sale of capital assets		49,400	49,400
	<u>242,809</u>	<u>(185,191)</u>	<u>57,618</u>
Net cash from (used in) capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	101,984	297,588	399,572
	<u>101,984</u>	<u>297,588</u>	<u>399,572</u>
Net increase (decrease) in cash and cash equivalents	402,581	(1,180,090)	(777,509)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,417,190</u>	<u>7,103,557</u>	<u>9,520,747</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,819,771</u></u>	<u><u>\$ 5,923,467</u></u>	<u><u>\$ 8,743,238</u></u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH FROM (USED IN) OPERATING ACTIVITIES			
Operating (loss)	<u>\$ (195,550)</u>	<u>\$ (2,702,605)</u>	<u>\$ (2,898,155)</u>
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities			
Depreciation	228,038		228,038
Rental/miscellaneous income		37,156	37,156
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	7,210	(17,064)	(9,854)
Decrease in due from other funds		18,662	18,662
Decrease in inventory	11,936		11,936
Increase (decrease) in accounts payable/accrued expenses	6,154	(774,550)	(768,396)
Decrease in due from county construction funds		2,154,221	2,154,221
(Decrease) in due to other funds		(8,307)	(8,307)
	<u>253,338</u>	<u>1,410,118</u>	<u>1,663,456</u>
Total adjustments			
Net cash from (used in) operating activities	<u><u>\$ 57,788</u></u>	<u><u>\$ (1,292,487)</u></u>	<u><u>\$ (1,234,699)</u></u>

The accompanying notes are an integral part of these financial statements

HARTLAND TOWNSHIP  
STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
MARCH 31, 2008

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
ASSET			
Cash	<u>\$      45,050</u>	<u>\$     299,295</u>	<u>\$     344,345</u>
LIABILITIES			
Due to other funds	\$     45,048	\$         4,886	\$     49,934
Deposits	<u>              2</u>	<u>     294,409</u>	<u>     294,411</u>
Total liabilities	<u>\$     45,050</u>	<u>\$     299,295</u>	<u>\$     344,345</u>

NOTES  
TO  
FINANCIAL  
STATEMENTS

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds, are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Operating Fund accounts for property taxes collected for and the related costs to provide fire protection to the Township residents.

The Township Hall Construction Fund accounts for the activity related to the construction of the new Township Hall.

The Township reports the following major proprietary funds:

The Sewage Disposal Fund accounts for all the activity associated with the operations and maintenance of operating a sewage treatment system.

The Water System Fund accounts for all the activity associated with the operations and maintenance of operating a water distribution system.

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

Enterprise funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains an agency fund to account for the monies collected and paid on behalf of developer's escrow accounts.

C. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real properties are considered capital assets regardless of initial cost.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

D. BUDGETARY DATA

The board of trustees follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The supervisor prepares the annual budgets through information received by the clerk. The proposed budget is then submitted for discussion and approved by the entire Township board. The budget is approved by activity rather than line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township board at any of their regular meetings. Budget appropriations made, but not expended by year end, will lapse with the fiscal year end.

For the year ended March 31, 2008, expenditures exceeded appropriations in the Township Hall and Grounds and the Unallocated functional activities. A budget was not adopted for the Public Improvement Revolving Fund. This is a violation of Public Act 493 of 2000.

E. PROPERTY TAXES

The Township's property taxes are levied and become a lien on each December 1st based on the taxable value of property located in the Township as of the preceding December 31st. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The Township recognized the amount levied December 1, 2007 as revenue for the year ended March 31, 2008.

The 2007 taxable valuation of the Township totaled \$ 690,015,229. The delinquent real property taxes of the Township are purchased by Livingston County. The county sells tax notes, the proceeds of which will be used to pay the Township for these property taxes. The county disbursed the delinquent taxes to the Township in June 2008.

The Township levies the following millage:

General Township	.8003
Fire and fire capital improvements	<u>1.8819</u>
Total millage	<u>2.6822</u>

F. MANAGEMENT'S ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. CASH EQUIVALENTS

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

H. RISK MANAGEMENT

The Township is exposed to various risks of loss pertaining to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

I. INVENTORIES AND PREPAID ITEMS

Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

J. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

K. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of Hartland Township have been included in the basic financial statements.

The following potential component unit has been evaluated under the criteria established by GASB statement number 39 and determined not be a component unit based upon financial independence and accountability:

HARTLAND, DEERFIELD FIRE AUTHORITY

Hartland Township appoints two members of the Authority's four member board. The Authority is fiscally independent from the Township. The Authority audited as an independent entity in compliance with Public Act. 2.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the governmental funds for the year ended March 31, 2008 was as follows:

A summary of changes in the governmental fund capital assets follows:

	Balance 4/1/2007	Additions	Deletions	Balance 3/31/2008
Land	\$ 1,160,030	\$ 203,221	\$ (96,921)	\$ 1,266,330
Buildings and improvements	2,838,985	2,444,573	(13,365)	5,270,193
Machinery and equipment	212,566	105,907		318,473
Construction in progress	565,449	1,879,124	(2,444,573)	
Total capital assets	4,777,030	4,632,825	(2,554,859)	6,854,996
Accumulated depreciation	(967,110)	(136,849)	11,454	(1,092,505)
Governmental activities capital assets, net	<u>\$ 3,809,920</u>	<u>\$ 4,495,976</u>	<u>\$ (2,543,405)</u>	<u>\$ 5,762,491</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. There is \$2,430,093 of debt associated with these capital assets. A total of \$31,790 of interest was capitalized for construction costs related to the new township hall.

Depreciation expense was distributed to the various activities as follows:

General government	\$ 73,453
Fire protection	<u>63,396</u>
	<u>\$ 136,849</u>

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 3 - CAPITAL ASSETS (continued)

A summary of changes in proprietary fixed assets is as follows:

Acquisitions of fixed assets in the Water System Fund and Sewage Disposal Fund, are recorded in their respective asset accounts and annual depreciation, based on the straight-line method over estimated useful life, is charged to current operations.

	Balance 4/1/2007	Additions	Deletions	Balance 3/31/2008
Land	\$ 1,547,230	\$	\$ (203,222)	\$ 1,344,008
Water system	9,110,267			9,110,267
Total capital assets	10,657,497		(203,222)	10,454,275
Less: accumulated depreciation	(1,146,147)	(228,038)		(1,374,185)
Fixed assets, net of depreciation	<u>\$ 9,511,350</u>	<u>\$ (228,038)</u>	<u>\$ (203,222)</u>	<u>\$ 9,080,090</u>

NOTE 4 - INTERFUND ACTIVITIES

Interfund receivables and payables exist at March 31, 2008. These represent short-term borrowings and amounts owed for reimbursements between other funds. The total interfund receivable and payable balance at March 31, 2008 is \$1,926,539.

	Interfund Payable	Interfund Receivable
General Fund	\$ 196,226	\$ 1,731,516
Cable Television Fund	49,825	
Cemetery		
Township Improvement Rev.		
Township Hall Debt Service Fund		137,000
Capital Improvement Fund	1,363,720	
Township hall Construction		
Rolling Hills Construction Fund		7,185
Water System Fund		904
Sewer Fund	316,768	
Current Tax Collection Fund		45,048
Trust and Agency Fund		4,886
	<u>\$ 1,926,539</u>	<u>\$ 1,926,539</u>

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

**NOTE 4 - INTERFUND ACTIVITIES- continued**

Interfund transfers for the year ended March 31, 2008 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>	<u>Amount</u>
Cemetery	General Fund	Fund current activities, and provide for future improvements	\$ 18,000
Township Hall Debt Service Fund	General Fund	Provide for the debt service of the new township hall	136,964
Capital Improvement Fund	General Fund	Save funds for future capital improvements	1,363,720
Sewer Fund	General Fund	To provide consideration for land transferred to the General Fund	322,764
General Fund	Sewer Fund	Transferred land no longer being used for sewer activities	153,822
Township Hall Debt Service Fund	Cable Television Fund	Provide for the debt service of the new township hall	173,506
Township Hall Debt Service Fund	Public Improvement Revolving Fund	Provide for the debt service of the new township hall	472,747
General Fund	Public Improvement Revolving Fund	Provide for the debt service of the new township hall	83,641
			<u>\$ 2,725,164</u>

**NOTE 5 - GOVERNMENTAL FUND - LONG-TERM DEBT**

A summary of the Township's governmental fund long-term debt as of March 31, 2008, and transactions during the year then ended follows:

	<u>Balance 4/1/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/2008</u>	<u>Due in one year</u>
Contracts payable					
Fire Hall	\$ 1,131,369	\$	\$ 98,230	\$ 1,033,139	\$ 103,224
Township Hall	1,470,337		73,383	1,396,954	76,764
Bonds payable - Rolling Hills					
Road Improvement Series 2007		608,000	28,000	580,000	50,000
Total bonds payable	<u>\$ 2,601,706</u>	<u>\$ 608,000</u>	<u>\$ 199,613</u>	<u>\$ 3,010,093</u>	<u>\$ 229,988</u>

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 5 - GOVERNMENTAL FUND - LONG-TERM DEBT (continued)

Contract payable - Fire Hall - The Township entered into an installment purchase contract with a bank to finance the construction costs of a fire hall expansion project on August 28, 2001. The borrowing is allowed without state approval under Public Act 99 of 1933. The contract requires monthly payments of principal and interest until satisfied in August 2016. As of March 31, 2008 the outstanding balance of the contract was \$1,033,139 with a fixed interest rate of 4.9% per annum.

Contract payable - Township Hall - The Township entered into an installment purchase contract with a bank to finance the construction of a new township hall on October 5, 2006. The borrowing is allowed without state approval under Public Act 99 of 1933. The contract requires monthly payments of principal and interest until satisfied in October 2021. As of March 31, 2008 the outstanding balance of the contract was \$1,396,954 with a fixed interest rate of 4.42% per annum.

Bonds payable - Rolling Hills Road Improvements - The Township issued special assessment general obligation bonds to finance road improvements in the Rolling Hills Subdivision. Special assessments are levied annually to repay the bonds. The bonds require semi-annual interest payments and annual principal payments. As of March 31, 2008 the outstanding balance on the bonds was \$580,000. Interest is charged at a fixed rate of 4.4555% until maturity on April 1, 2017.

The following is a schedule of future principal and interest payments to service the long-term contract obligations of the Township for the governmental funds:

	Governmental Funds Governmental Long-Term Debt		
	Principal	Interest	Total
2008 - 2009	\$ 229,988	\$ 134,364	\$ 364,352
2009 - 2010	248,624	123,500	372,124
2010 - 2011	257,676	111,774	369,450
2011 - 2012	267,162	99,616	366,778
2012 - 2013	287,105	86,999	374,104
2013 - 2018	1,266,348	231,692	1,498,040
2018 - 2023	453,190	37,664	490,854
	<u>\$ 3,010,093</u>	<u>\$ 825,609</u>	<u>\$ 3,835,702</u>

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

**NOTE 6 - PROPRIETARY FUNDS - BONDS PAYABLE**

The following is a summary of the Townships debt categorized as proprietary for the year ended March 31, 2008:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/2008	Due within one year
1. Bonds payable (Sanitary Sewer Project); interest is charged at 4.25% to 4.5% payable semi-annually to Livingston County with annual principal payments ranging from \$475,000 to \$1,175,000 until it's maturity on November 1, 2030.	\$ 21,700,000	\$	\$ 800,000	\$ 20,900,000	\$ 825,000
2. Bonds payable (Water System Special Assessment Bonds, Series 2001); interest is charged at 4.5% to 4.5%; payable to Livingston County through the year 2021 with principal payments annually from \$450,000 to \$475,000.	6,925,000		450,000	6,475,000	450,000
3. The Township expanded its sewer system into district #2 and connecting branches. Financing was done through bond sales through the Michigan State Revolving Loan Fund Program. The Livingston County Drain Commission signed an agreement with the Township to be intermediary between the Township and State. Interest is charged at 2.25%. The Township had borrowed a total of \$8,125,055 for the expansion. The debt is set-up as two separate loans to match:					
1. District #2 and					
2. Branches to District #2					
Thus, there are two separate special assessment districts set-up to repay the debt.					
1. District #2	2,749,915		305,000	2,444,915	315,000
2. Branches to #2	1,225,526		140,000	1,085,526	130,000
Total	3,975,441		445,000	3,530,441	445,000
The Township makes principal and interest payments to the Livingston County Drain Commission to be paid through the year 2015.					
4. The State of Michigan has discretion as to which costs are eligible to be paid through the revolving loan fund. Thus, for costs that are not eligible to be paid through the SRF program another bond sale was issued by the Livingston County Drain Commission (\$375,000 general obligation bonds). These bonds were issued in the year ending March 31, 1996. Interest is charged at 6%. Principal and interest is payable to the Livingston County Drain Commission to be paid through the year 2015.					
	195,000		20,000	175,000	20,000
Total proprietary long-term debt	\$ 32,795,441	\$	\$ 1,715,000	\$ 31,080,441	\$ 1,740,000

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

**NOTE 6 - PROPRIETARY FUNDS - BONDS PAYABLE (continued)**

The following is a schedule of principal and interest payments to service the long-term obligations of the Township:

	Enterprise Funds Proprietary Long-Term Debt		
	Principal	Interest	Total
2008 - 2009	\$ 1,740,000	\$ 1,240,777	\$ 2,980,777
2009 - 2010	1,775,000	1,178,452	2,953,452
2010 - 2011	1,800,000	1,114,807	2,914,807
2011 - 2012	1,840,000	1,049,633	2,889,633
2012 - 2013	1,880,000	982,238	2,862,238
2013 - 2018	8,620,441	3,852,240	12,472,681
2018 - 2023	7,550,000	2,178,163	9,728,163
2023 - 2028	4,450,000	810,594	5,260,594
2028 - 2031	1,425,000	128,250	1,553,250
	<u>\$31,080,441</u>	<u>\$12,535,154</u>	<u>\$43,615,595</u>

**NOTE 7 - EMPLOYEE RETIREMENT PLAN**

The Township participates in the Municipal Employers Retirement System Defined Contribution Pension Plan Group No. 106476 for Michigan Township employees. This is a single-employer plan. Substantially all full-time employees, elected officials and trustees are included in the plan. Plan eligibility is a minimum age of 18 and not more than 75. The plan is 75% contributory by the Township and 25% by the employee. For employees with annual compensation of \$3,000 or more, the total annual contribution is \$900. Employees may also make voluntary after tax contributions in amounts ranging from 1% to 10% of compensation. Annual compensation used to determine the current year contribution is as of February 1, preceding the year. Contribution information is as follows:

	Employer	Employee	Total
TOTAL CURRENT YEAR CONTRIBUTIONS	<u>\$ 14,782</u>	<u>\$ 16,951</u>	<u>\$ 31,733</u>
ACCOUNT VALUE AT LAST ANNUAL STATEMENT			<u>\$ 170,780</u>

These balances reflect contributions for the period from April 1, 2007 to March 31, 2008. The current year employer contribution for the year ended March 31, 2008, was \$14,782. Interest has been credited to January 31, 2007.

**NOTE 8 - EMPLOYEE DEFERRED COMPENSATION PLAN**

The Township participates in a 457 Deferred Compensation Plan international City/County Management Association Retirement Corporation (ICMA-RA). This is a single-employer plan. The Township does not contribute any funds in which the employees can elect to participate in the plan.

Account value at last annual statement	<u>\$ 16,405</u>
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HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

**NOTE 9 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the Township in accordance with Act 196 PA 1997 has authorized investments as listed in the state statutory authority listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	Carrying Amount		Bank Balance
	Primary Government	Fiduciary Funds	
Insured	\$ 600,000	\$	\$ 600,000
Uninsured and uncollateralized	15,571,282	344,345	15,915,627
Total deposits	<u>\$ 16,171,282</u>	<u>\$ 344,345</u>	<u>\$ 16,515,627</u>

The Township's cash and investments are subject to various types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$15,973,573 of bank deposits (certificated of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits fund and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Concentration of Credit Risk**

The Township places no limit on the amount the Township may invest in any one issuer.

**NOTE 10 - CONTINGENCIES**

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

HARTLAND TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2008

**NOTE 11 - TRUST AND AGENCY FUND**

The Township maintains the Trust and Agency Fund to account for delinquent personal property taxes and funds held in escrow for developers. Accurate records were not maintained for these escrows accounts and it is expected that a portion of these funds will be realized as revenues in the General Fund.

**NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The Township maintains two enterprise funds, which provide water and sewer services. Segment information for the year ended March 31, 2008, was as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 587,896	\$ 264,115	\$ 852,011
Depreciation		228,038	228,038
Operating (loss)	(2,702,605)	(195,550)	(2,898,155)
Non-operating revenues (expenses)	113,843	138,518	252,361
Net (loss)	(2,357,505)	(20)	(2,357,525)
Total assets	23,602,219	16,561,460	40,163,679
Accounts payable	59,015	31,176	90,191
Net working capital	1,153,439	927,486	2,080,925
Total equity (deficit)	(1,062,958)	9,930,286	8,867,328

**NOTE 13 - PROJECT UNCERTAINTIES**

In the year 2005 the Township entered into an agreement with the Livingston County Drain Commission in which the County sold bonds for approximately \$22 million on behalf of the Township, to finance the construction of sewer lines to connect to Genesee County's sewer system. The bonds are payable over 25 years.

The Township has special assessments in the district to finance the debt. The Township believed there would be enough new sewer customers outside of the original sewer district to pay for the difference of amount assessed to the bond debt. Without a substantial inflow of connection fees to pay for this debt, the Township may have difficulties paying its debt obligation.

The Township is considering various options to remedy the above problem.

**NOTE 14 - SEWER FUND DEFICIT**

A deficit has occurred in the Sewer Fund for the year ended March 31, 2008 totaling \$1,062,958. The Township is looking into various options to remedy this problem. The Township will file a deficit elimination plan with the State of Michigan detailing how it anticipates it will eliminate the deficit.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 553,899	\$
Licenses and permits			18,757	
State shared revenues			751,856	
Charges for services			321,983	
Miscellaneous revenues			237,390	
Total revenues	1,730,641	1,730,641	1,883,885	153,244
EXPENDITURES	2,027,638	2,167,313	2,224,951	(57,638)
Excess of revenues over (under) expenditures	(296,997)	(436,672)	(341,066)	95,606
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	2,000	2,000	1,371,201	1,369,201
Transfers in	404,000	404,000	237,463	(166,537)
Transfers (out)	(151,964)	(154,964)	(1,841,448)	(1,686,484)
Total other financing sources (uses)	254,036	251,036	(232,784)	(483,820)
Net change in fund balance	(42,961)	(185,636)	(573,850)	(388,214)
FUND BALANCE, APRIL 1, 2007	2,247,004	2,247,004	2,247,004	
FUND BALANCE, MARCH 31, 2008	\$ 2,204,043	\$ 2,061,368	\$ 1,673,154	\$ (388,214)

HARTLAND TOWNSHIP  
FIRE OPERATING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 1,299,647	\$
Interest			62,112	
Total revenues	1,322,900	1,322,900	1,361,759	38,859
EXPENDITURES				
Audit fees			850	
Authority contributions			896,502	
Tax chargebacks			3,696	
Supplies			20	
Maintenance			11,710	
Capital outlay			29,523	
Note payable - principal			98,230	
Note payable - interest			53,317	
Utility assessments			1,587	
Total expenditures	1,172,560	1,172,560	1,095,435	77,125
Net change in fund balance	150,340	150,340	266,324	115,984
FUND BALANCE, APRIL 1, 2007	1,883,035	1,883,035	1,883,035	
FUND BALANCE, MARCH 31, 2008	\$ 2,033,375	\$ 2,033,375	\$ 2,149,359	\$ 115,984

SUPPLEMENTARY  
INFORMATION

COMBINING  
FINANCIAL  
STATEMENTS

HARTLAND TOWNSHIP  
COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS  
MARCH 31, 2008

	<u>Liquor Law Enforcement</u>	<u>Fire Operating</u>	<u>Cable Television</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 33,980	\$ 1,974,265	\$ 109,326
Taxes receivable		104,898	
Interest receivable		4,707	
Fees receivable		65,518	28,489
Due from other funds			49,825
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 33,980</u>	<u>\$ 2,149,388</u>	<u>\$ 187,640</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$	\$ 29	\$ 2,115
FUND BALANCE	<u>33,980</u>	<u>2,149,359</u>	<u>185,525</u>
Total liabilities and fund balance	<u>\$ 33,980</u>	<u>\$ 2,149,388</u>	<u>\$ 187,640</u>

<u>Cable Television</u>	<u>Cemetery</u>	<u>Township Improvement Revolving</u>	<u>Totals</u>
\$ 109,326	\$ 128,586	\$ 296,752	\$ 2,542,909
			104,898
			4,707
28,489			94,007
<u>49,825</u>			<u>49,825</u>
<u>\$ 187,640</u>	<u>\$ 128,586</u>	<u>\$ 296,752</u>	<u>\$ 2,796,346</u>
\$ 2,115	\$ 18	\$	\$ 2,162
<u>185,525</u>	<u>128,568</u>	<u>296,752</u>	<u>2,794,184</u>
<u>\$ 187,640</u>	<u>\$ 128,586</u>	<u>\$ 296,752</u>	<u>\$ 2,796,346</u>

HARTLAND TOWNSHIP  
COMBINING BALANCE SHEET  
ALL DEBT SERVICE FUNDS  
MARCH 31, 2008

	Township Hall Debt Service Fund	Rolling Hills Debt Service Fund	Totals
<u>ASSETS</u>			
ASSETS			
Cash	\$ 138,810	\$ 57,906	\$ 196,716
Assessment receivable		540,312	540,312
Total assets	<u>\$ 138,810</u>	<u>\$ 598,218</u>	<u>\$ 737,028</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Due to other funds	\$ 137,000	\$	\$ 137,000
Deferred revenues		536,490	536,490
Total liabilities	137,000	536,490	673,490
FUND BALANCE	<u>1,810</u>	<u>61,728</u>	<u>63,538</u>
Total liabilities and fund balance	<u>\$ 138,810</u>	<u>\$ 598,218</u>	<u>\$ 737,028</u>

HARTLAND TOWNSHIP  
COMBINING BALANCE SHEET  
ALL CAPITAL PROJECT FUNDS  
MARCH 31, 2008

	Capital Improvement Fund	Township Construction Fund	Rolling Hills Construction Fund	Totals
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 809,846	\$ 2,816	\$ 614,163	\$ 1,426,825
Due from other funds	<u>1,363,720</u>			<u>1,363,720</u>
Total assets	<u>\$ 2,173,566</u>	<u>\$ 2,816</u>	<u>\$ 614,163</u>	<u>\$ 2,790,545</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Due to other funds	\$	\$	\$ 7,185	\$ 7,185
FUND BALANCE	<u>2,173,566</u>	<u>2,816</u>	<u>606,978</u>	<u>2,783,360</u>
Total liabilities and fund balance	<u>\$ 2,173,566</u>	<u>\$ 2,816</u>	<u>\$ 614,163</u>	<u>\$ 2,790,545</u>

HARTLAND TOWNSHIP  
COMBINING BALANCE SHEET  
ALL ENTERPRISE FUNDS  
MARCH 31, 2008

	<u>Water System Fund</u>	<u>Sewage Disposal System Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 997,947	\$ 686,407	\$ 1,684,354
Accounts receivable	65,304	1,491,934	1,557,238
Inventory	20,409		20,409
Due from other funds		316,768	316,768
	<u>1,083,660</u>	<u>2,495,109</u>	<u>3,578,769</u>
Total current assets			
	<u>1,083,660</u>	<u>2,495,109</u>	<u>3,578,769</u>
RESTRICTED ASSETS			
Cash and cash equivalents	1,821,824	5,237,060	7,058,884
Special assessments receivable	5,530,854	14,556,264	20,087,118
Due from county - construction funds		124,321	124,321
Debt issuance costs, net	89,040	145,457	234,497
	<u>7,441,718</u>	<u>20,063,102</u>	<u>27,504,820</u>
Total restricted assets			
	<u>7,441,718</u>	<u>20,063,102</u>	<u>27,504,820</u>
PROPERTY, PLANT AND EQUIPMENT			
Land	300,000	1,044,008	1,344,008
Water system	9,110,267		9,110,267
	<u>9,410,267</u>	<u>1,044,008</u>	<u>10,454,275</u>
Less accumulated depreciation	1,374,185		1,374,185
	<u>8,036,082</u>	<u>1,044,008</u>	<u>9,080,090</u>
Net property, plant and equipment			
	<u>8,036,082</u>	<u>1,044,008</u>	<u>9,080,090</u>
Total assets	<u>\$ 16,561,460</u>	<u>\$ 23,602,219</u>	<u>\$ 40,163,679</u>

	<u>Water System Fund</u>	<u>Sewage Disposal System Fund</u>	<u>Totals</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable / accrued expenses	\$ 31,921	\$ 59,736	\$ 91,657
Accrued interest payable	123,349		123,349
Due to other funds	<u>904</u>	<u></u>	<u>904</u>
Total current liabilities	<u>156,174</u>	<u>59,736</u>	<u>215,910</u>
<b>CURRENT LIABILITIES (from restricted assets)</b>			
Bonds payable	450,000		450,000
Contract payable - LCDC - sewer	<u></u>	<u>1,290,000</u>	<u>1,290,000</u>
Total current liabilities (from restricted assets)	<u>450,000</u>	<u>1,290,000</u>	<u>1,740,000</u>
<b>LONG-TERM LIABILITIES (from restricted assets)</b>			
Bonds payable	6,025,000		6,025,000
Contract payable - LCDC - sewer	<u></u>	<u>23,315,441</u>	<u>23,315,441</u>
Total long-term liabilities (from restricted assets)	<u>6,025,000</u>	<u>23,315,441</u>	<u>29,340,441</u>
Total liabilities	6,631,174	24,665,177	31,296,351
<b>FUND EQUITY</b>			
Retained earnings (deficit)	<u>9,930,286</u>	<u>(1,062,958)</u>	<u>8,867,328</u>
 Total liabilities and fund equity	 <u><u>\$ 16,561,460</u></u>	 <u><u>\$ 23,602,219</u></u>	 <u><u>\$ 40,163,679</u></u>

HARTLAND TOWNSHIP  
COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
MARCH 31, 2008

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
ASSET			
Cash	<u>\$      45,050</u>	<u>\$     299,295</u>	<u>\$     344,345</u>
LIABILITIES			
Due to other funds	\$      45,048	\$          4,886	\$      49,934
Deposits	<u>                  2</u>	<u>         294,409</u>	<u>         294,411</u>
Total liabilities	<u>\$      45,050</u>	<u>\$     299,295</u>	<u>\$     344,345</u>

HARTLAND TOWNSHIP  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Liquor Law Enforcement</u>	<u>Fire Operating</u>	<u>Cable Television</u>
REVENUES			
Property taxes	\$	\$ 1,299,647	\$
Licenses and permits	6,130		
Charges for services			91,888
Interest	<u>1,438</u>	<u>62,112</u>	<u>4,633</u>
Total revenues	<u>7,568</u>	<u>1,361,759</u>	<u>96,521</u>
EXPENDITURES			
Public safety		943,888	
Salaries and fees	1,830		3,254
Taxes - payroll	140		249
Cemetery maintenance			
Cable TV operations			23,296
Debt service		<u>151,547</u>	
Total expenditures	<u>1,970</u>	<u>1,095,435</u>	<u>26,799</u>
Excess of revenues over (under) expenditures	5,598	266,324	69,722
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfer (out)			<u>(173,506)</u>
Total other financing sources (uses)			<u>(173,506)</u>
Net change in fund balance	5,598	266,324	(103,784)
FUND BALANCE, APRIL 1, 2007	<u>28,382</u>	<u>1,883,035</u>	<u>289,309</u>
FUND BALANCE, MARCH 31, 2008	<u>\$ 33,980</u>	<u>\$ 2,149,359</u>	<u>\$ 185,525</u>

<u>Cemetery</u>	<u>Township Improvement Revolving</u>	<u>Totals</u>
\$	\$	\$ 1,299,647
		6,130
7,211		99,099
<u>5,639</u>	<u>22,207</u>	<u>96,029</u>
<u>12,850</u>	<u>22,207</u>	<u>1,500,905</u>
		943,888
		5,084
		389
19,730		19,730
		23,296
		<u>151,547</u>
<u>19,730</u>		<u>1,143,934</u>
(6,880)	22,207	356,971
18,000		18,000
	<u>(556,388)</u>	<u>(729,894)</u>
<u>18,000</u>	<u>(556,388)</u>	<u>(711,894)</u>
11,120	(534,181)	(354,923)
<u>117,448</u>	<u>830,933</u>	<u>3,149,107</u>
<u>\$ 128,568</u>	<u>\$ 296,752</u>	<u>\$ 2,794,184</u>

HARTLAND TOWNSHIP  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL DEBT SERVICE  
 FOR THE YEAR ENDED MARCH 31, 2008

	<u>Township Hall Debt Service</u>	<u>Rolling Hills Debt Service</u>	<u>Totals</u>
REVENUES			
Special assessments	\$	\$ 104,717	\$ 104,717
Interest	<u>1,787</u>	<u>437</u>	<u>2,224</u>
Total revenues	<u>1,787</u>	<u>105,154</u>	<u>106,941</u>
EXPENDITURES			
Debt service			
Principal	73,383	28,000	101,383
Interest	<u>63,581</u>	<u>15,426</u>	<u>79,007</u>
Total expenditures	<u>136,964</u>	<u>43,426</u>	<u>180,390</u>
Excess of revenues over (under) expenditures	(135,177)	61,728	(73,449)
OTHER FINANCING SOURCES			
Transfers in	<u>136,964</u>	<u></u>	<u>136,964</u>
Net change in fund balance	1,787	61,728	63,515
FUND BALANCE, APRIL 1, 2007	<u>23</u>	<u></u>	<u>23</u>
FUND BALANCE, MARCH 31, 2008	<u><u>\$ 1,810</u></u>	<u><u>\$ 61,728</u></u>	<u><u>\$ 63,538</u></u>

HARTLAND TOWNSHIP  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	Capital Improvement Fund	Township Hall Construction Fund	Rolling Hills Construction Fund	Totals
REVENUES				
Interest	\$ 37,995	\$ 6,556	\$ 12,726	\$ 57,277
EXPENDITURES				
Debt issuance costs			7,447	7,447
Project costs		1,696,692	6,301	1,702,993
Total expenditures		1,696,692	13,748	1,710,440
Excess of revenues over (under) expenditures	37,995	(1,690,136)	(1,022)	(1,653,163)
OTHER FINANCING SOURCES				
Transfers in	1,363,720	646,253		2,009,973
Loan proceeds			608,000	608,000
Total other financing sources	1,363,720	646,253	608,000	2,617,973
Net changes in fund balances	1,401,715	(1,043,883)	606,978	964,810
FUND BALANCE, APRIL 1, 2007	771,851	1,046,699		1,818,550
FUND BALANCE, MARCH 31, 2008	\$ 2,173,566	\$ 2,816	\$ 606,978	\$ 2,783,360

HARTLAND TOWNSHIP  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
ALL ENTERPRISE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	Water System Fund	Sewage Disposal System Fund	Totals
OPERATING REVENUES			
User charges	\$ 258,575	\$ 587,896	\$ 846,471
Meter sales	5,540		5,540
Total operating revenues	<u>264,115</u>	<u>587,896</u>	<u>852,011</u>
OPERATING EXPENSES			
Expansion projects		2,390,148	2,390,148
Usage fees		693,731	693,731
Depreciation	228,038		228,038
Consulting engineer	163,992		163,992
Contract services	5,632	25,404	31,036
Meters	11,936		11,936
Legal fees	2,237	380	2,617
Audit fees	4,133	5,133	9,266
Repairs and maintenance	5,567	121,412	126,979
Supplies and postage	937	1,926	2,863
Miscellaneous	1,911	1,560	3,471
Insurance	6,756		6,756
Wages and payroll taxes	28,526	50,807	79,333
Total operating expenses	<u>459,665</u>	<u>3,290,501</u>	<u>3,750,166</u>
Operating (loss)	<u>(195,550)</u>	<u>(2,702,605)</u>	<u>(2,898,155)</u>
NON-OPERATING REVENUES AND (EXPENSES)			
Interest income - special assessments	341,273	782,153	1,123,426
Interest income - cash and cash equivalents	101,984	297,588	399,572
Amortization - bond fees	(6,720)	(7,313)	(14,033)
Rental and other income		37,156	37,156
Interest expense	(298,019)	(995,741)	(1,293,760)
Total non-operating revenues (expenses)	<u>138,518</u>	<u>113,843</u>	<u>252,361</u>
Net income (loss) before capital contributions/transfers	(57,032)	(2,588,762)	(2,645,794)
CAPITAL CONTRIBUTIONS			
Tap-in fees	57,012	62,315	119,327
TRANSFERS IN		322,764	322,764
TRANSFERS (OUT)		(153,822)	(153,822)
Net (loss)	(20)	(2,357,505)	(2,357,525)
NET ASSETS AT APRIL 1, 2007	<u>9,930,306</u>	<u>1,294,547</u>	<u>11,224,853</u>
NET ASSETS AT MARCH 31, 2008	<u><u>\$ 9,930,286</u></u>	<u><u>\$ (1,062,958)</u></u>	<u><u>\$ 8,867,328</u></u>

HARTLAND TOWNSHIP  
COMBING STATEMENT OF CASH FLOWS  
ALL ENTERPRISE FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	Water System Fund	Disposal System Fund	Totals
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Cash from users	\$ 267,366	\$ 570,832	\$ 838,198
Cash paid to vendors	(188,074)	(1,860,179)	(2,048,253)
Cash paid to employees	(26,367)	(50,651)	(77,018)
Other cash receipts		37,156	37,156
Cash paid from other funds	4,863	10,355	15,218
	<u>57,788</u>	<u>(1,292,487)</u>	<u>(1,234,699)</u>
Net cash from (used in) operating activities			
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES			
Connection fees received	57,012	62,315	119,327
Special assessment collections	601,074	1,182,482	1,783,556
Interest received on assessments	341,273	782,153	1,123,426
Repayment of principal on bonds	(450,000)	(1,265,000)	(1,715,000)
Interest/fees paid on bonds	(306,550)	(996,541)	(1,303,091)
Proceeds from sale of capital assets		49,400	49,400
	<u>242,809</u>	<u>(185,191)</u>	<u>57,618</u>
Net cash from (used in) capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	101,984	297,588	399,572
	<u>101,984</u>	<u>297,588</u>	<u>399,572</u>
Net increase (decrease) in in cash and cash equivalents	402,581	(1,180,090)	(777,509)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,417,190	7,103,557	9,520,747
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,819,771</u>	<u>\$ 5,923,467</u>	<u>\$ 8,743,238</u>

INDIVIDUAL  
FUNDS

GENERAL  
FUND

HARTLAND TOWNSHIP  
GENERAL FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 3,261,594
Taxes receivable	45,110
Accounts receivable - state shared revenues	118,142
Accounts receivable - other	17,964
Due from other funds	196,226
Due from county	<u>19,675</u>
Total assets	<u>\$ 3,658,711</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 131,353
Accrued payroll	9,526
Accrued compensated absences	17,733
Due to other funds	1,731,516
Deferred revenues	41,908
Compliance reserves	<u>53,521</u>

Total liabilities \$ 1,985,557

FUND BALANCE

1,673,154

Total liabilities and fund balance \$ 3,658,711

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$	\$ 553,899	\$
Licenses and permits		18,757	
State shared revenues		751,856	
Charges for services		321,983	
Miscellaneous revenues		237,390	
	<u>1,730,641</u>	<u>1,883,885</u>	<u>153,244</u>
EXPENDITURES	<u>2,167,313</u>	<u>2,224,951</u>	<u>(57,638)</u>
Excess of revenues over (under) expenditures	(436,672)	(341,066)	95,606
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	2,000	1,371,201	1,369,201
Transfers in	404,000	237,463	(166,537)
Transfers (out)	(154,964)	(1,841,448)	(1,686,484)
	<u>251,036</u>	<u>(232,784)</u>	<u>(483,820)</u>
Net change in fund balance	(185,636)	(573,850)	(388,214)
FUND BALANCE, APRIL 1, 2007	<u>2,247,004</u>	<u>2,247,004</u>	
FUND BALANCE, MARCH 31, 2008	<u>\$ 2,061,368</u>	<u>\$ 1,673,154</u>	<u>\$ (388,214)</u>

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	<u>\$ 547,230</u>	<u>\$ 553,899</u>	<u>\$ 6,669</u>
LICENSES AND PERMITS			
Mobile home		2,698	
Dog licenses		1,124	
Land use		6,330	
Sign permits, licenses		8,605	
Total licenses and permits	<u>20,250</u>	<u>18,757</u>	<u>(1,493)</u>
STATE SHARED REVENUES	<u>753,601</u>	<u>751,856</u>	<u>(1,745)</u>
CHARGES FOR SERVICES			
Septic hosting fees		43,275	
Right of way fees		9,432	
Tax administration fee		221,793	
Zoning fees		28,638	
Tax collections fees		15,345	
Board of appeals		3,500	
Total charges for services	<u>286,460</u>	<u>321,983</u>	<u>35,523</u>
MISCELLANEOUS REVENUES			
Cable franchise fees		38,704	
Printed material		1,240	
Passport fees		11,045	
Interest on investments		153,468	
Reimbursements		7,591	
Rental income		25,300	
Miscellaneous		42	
Total miscellaneous revenues	<u>123,100</u>	<u>237,390</u>	<u>114,290</u>
Total revenues	<u><u>\$ 1,730,641</u></u>	<u><u>\$ 1,883,885</u></u>	<u><u>\$ 153,244</u></u>

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>TOWNSHIP BOARD</b>			
Trustee fees	\$	\$ 18,607	\$
Retirement		6,126	
Taxes - payroll		1,424	
Supplies and postage		648	
Contracted services		5,855	
Audit		9,720	
Legal		115,711	
Membership and dues		10,340	
Mileage		551	
Bank charges		4,062	
Training		1,536	
Miscellaneous		1,576	
Printing and publications		6,583	
	<u>201,430</u>	<u>182,739</u>	<u>18,691</u>
Total township board			
<b>TOWNSHIP MANAGER</b>			
Wages		75,463	
Taxes - payroll		5,699	
Supplies and postage		1,772	
Contracted services		1,479	
Membership and dues		732	
Mileage		290	
Education		2,554	
	<u>92,771</u>	<u>87,989</u>	<u>4,782</u>
Total township manager			
<b>SUPERVISOR</b>			
Supervisor salary		31,166	
Secretary salaries		29,585	
Taxes - payroll		4,788	
Supplies and postage		385	
Contracted labor		1,829	
	<u>80,490</u>	<u>67,753</u>	<u>12,737</u>
Total supervisor			
<b>ELECTIONS</b>			
Wages and fees		8,928	
Taxes - payroll		198	
Supplies and postage		4,367	
Contracted services		397	
Miscellaneous		983	
	<u>17,672</u>	<u>14,873</u>	<u>2,799</u>
Total elections			

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
FINANCE DEPARTMENT			
Salary		53,106	
Taxes - payroll		3,967	
Mileage		39	
Supplies		1,014	
Membership and dues		70	
Education		52	
Total finance department	<u>59,186</u>	<u>58,248</u>	<u>938</u>
MID-DECADE CENSUS	<u>227</u>		<u>227</u>
ASSESSOR			
Salaries and wages		65,994	
Taxes - payroll		5,165	
Supplies and postage		2,879	
Contracted services		23,581	
Printing and publications		696	
Membership and dues		728	
Tax preparation		5,064	
Mileage		611	
Repairs and maintenance		2,601	
Miscellaneous		1,572	
Capital outlay		1,698	
Total assessor	<u>115,772</u>	<u>110,589</u>	<u>5,183</u>
CLERK			
Clerk salary		40,221	
Other - clerical salary		31,670	
Taxes - payroll		5,607	
Supplies and postage		570	
Miscellaneous		77	
Mileage		824	
Membership and dues		235	
Education		1,379	
Total clerk	<u>81,478</u>	<u>80,583</u>	<u>895</u>
BOARD OF REVIEW			
Fees		2,350	
Taxes - payroll		180	
Printing and publications		466	
Miscellaneous		12	
Total board of review	<u>3,011</u>	<u>3,008</u>	<u>3</u>

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>TREASURER</b>			
Treasurer salary		40,221	
Assistant wages		37,792	
Taxes - payroll		5,819	
Supplies and postage		1,543	
Contracted services		1,200	
Tax statement preparation		9,489	
Mileage		1,028	
Membership and dues		255	
Education and training		2,342	
Capital outlay		961	
Miscellaneous		97	
	<u>103,592</u>	<u>100,747</u>	<u>2,845</u>
Total treasurer			
<b>DATA PROCESSING</b>			
Internet access		2,893	
Contracted services		6,407	
Repairs and maintenance		7,018	
Supplies		1,415	
Capital outlay		3,759	
	<u>27,100</u>	<u>21,492</u>	<u>5,608</u>
Total data processing			
<b>TOWNSHIP HALL AND GROUNDS</b>			
Contracted services		13,354	
Supplies		2,651	
Snow removal and mowing		23,058	
Contract cleaning		4,725	
Telephone		9,800	
Fuel and oil		74	
Utilities			
Gas		7,173	
Electric		10,938	
Softener		2,160	
Repairs and maintenance		1,678	
Assessments		1,399	
New Township Hall			
Contracted services		8,033	
Capital outlay		505,004	
Miscellaneous		108	
	<u>581,830</u>	<u>590,155</u>	<u>(8,325)</u>
Total township hall and grounds			

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
UNALLOCATED			
Wages		39,524	
Taxes - payroll		1,665	
Employee benefits		77,412	
Retirement		10,390	
Office supplies and postage		4,483	
Tax chargebacks		4,529	
Mileage		57	
Printing and publications		375	
Insurance and bonds		26,248	
Service contracts		8,224	
Miss Dig		2,093	
Capital outlay		153,822	
Repairs and maintenance		1,833	
Total unallocated	<u>168,123</u>	<u>330,655</u>	<u>(162,532)</u>
LAW ENFORCEMENT			
Livingston County Sheriff Contract		188,471	
Sub-station rental		900	
Total law enforcement	<u>190,271</u>	<u>189,371</u>	<u>900</u>
PLANNING AND ZONING			
Wages		114,226	
Taxes - payroll		9,181	
Supplies and postage		2,536	
Contract services		86,366	
Membership and dues		775	
Mileage		1,865	
Printing and publications		7,913	
Repairs and maintenance		615	
Capital outlay		1,951	
Education		782	
Consulting engineers		1,689	
Legal fees		10,242	
Total planning and zoning	<u>255,691</u>	<u>238,141</u>	<u>17,550</u>
ZONING BOARD OF APPEALS			
Fees and wages		2,716	
Taxes - payroll		200	
Supplies and postage		796	
Printing		1,067	
Training		992	
Total zoning board of appeals	<u>6,730</u>	<u>5,771</u>	<u>959</u>

HARTLAND TOWNSHIP  
GENERAL FUND  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
STREETLIGHTS	<u>12,500</u>	<u>12,329</u>	<u>171</u>
ROADS			
Chloride	<u>44,900</u>	<u>44,900</u>	<u></u>
DRAINS	<u>31,939</u>	<u>21,322</u>	<u>10,617</u>
SENIOR CITIZENS	<u>20,000</u>	<u>19,800</u>	<u>200</u>
PARKS AND RECREATION			
Contracted services/engineering		36,880	
Maintenance		<u>7,606</u>	<u></u>
Total parks and recreation	<u>72,600</u>	<u>44,486</u>	<u>28,114</u>
Total expenditures	<u><u>\$ 2,167,313</u></u>	<u><u>\$ 2,224,951</u></u>	<u><u>\$ (57,638)</u></u>

LIQUOR  
LAW  
ENFORCEMENT  
FUND

HARTLAND TOWNSHIP  
LIQUOR LAW ENFORCEMENT FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSET

ASSET  
Cash

\$ 33,980

FUND BALANCE

FUND BALANCE

\$ 33,980

HARTLAND TOWNSHIP  
LIQUOR LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Liquor license fees	\$	\$ 6,130	\$
Interest		1,438	
	<u>7,235</u>	<u>7,568</u>	<u>333</u>
Total revenues			
EXPENDITURES			
Inspection fees		1,830	
Taxes - payroll		140	
	<u>1,970</u>	<u>1,970</u>	
Total expenditures			
Net change in fund balance	5,265	5,598	333
FUND BALANCE, APRIL 1, 2007	<u>28,382</u>	<u>28,382</u>	
FUND BALANCE, MARCH 31, 2008	<u>\$ 33,647</u>	<u>\$ 33,980</u>	<u>\$ 333</u>

FIRE  
OPERATING  
FUND

HARTLAND TOWNSHIP  
FIRE OPERATING FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$ 1,974,265
Taxes receivable	104,898
Interest receivable	4,707
Due from Fire Authority members	<u>65,518</u>
Total assets	<u>\$ 2,149,388</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 29
------------------	-------

FUND BALANCE

2,149,359

Total liabilities and fund balance

\$ 2,149,388

HARTLAND TOWNSHIP  
FIRE OPERATING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 1,299,647	\$
Interest		62,112	
	<u>1,322,900</u>	<u>1,361,759</u>	<u>38,859</u>
Total revenues			
EXPENDITURES			
Audit fees		850	
Authority contributions		896,502	
Tax chargebacks		3,696	
Supplies		20	
Maintenance		11,710	
Capital outlay		29,523	
Note payable - principal		98,230	
Note payable - interest		53,317	
Utility/assessments		1,587	
	<u>1,172,560</u>	<u>1,095,435</u>	<u>77,125</u>
Total expenditures			
Net change in fund balance	150,340	266,324	115,984
FUND BALANCE, APRIL 1, 2007	<u>1,883,035</u>	<u>1,883,035</u>	
FUND BALANCE, MARCH 31, 2008	<u>\$ 2,033,375</u>	<u>\$ 2,149,359</u>	<u>\$ 115,984</u>

CABLE  
TELEVISION  
FUND

HARTLAND TOWNSHIP  
CABLE TELEVISION FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$ 109,326
Fees receivable	28,489
Due from other funds	<u>49,825</u>
Total assets	<u>\$ 187,640</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,115
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FUND BALANCE

185,525

Total liabilities and fund balance	<u>\$ 187,640</u>
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HARTLAND TOWNSHIP  
CABLE TELEVISION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Fees	\$	\$ 91,888	\$
Interest		4,633	
Total revenues	<u>94,000</u>	<u>96,521</u>	<u>2,521</u>
EXPENDITURES			
Salaries		3,254	
Taxes - payroll		249	
Contractors services		3,100	
Legal fees		10,763	
Supplies - postage		411	
Supplies - operating		176	
Rent		6,417	
Miscellaneous		59	
Telephone		282	
Capital outlay		2,088	
Total expenditures	<u>28,225</u>	<u>26,799</u>	<u>1,426</u>
Excess of revenues over (under) expenditures	65,775	69,722	3,947
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(219,984)</u>	<u>(173,506)</u>	<u>46,478</u>
Net change in fund balance	(154,209)	(103,784)	50,425
FUND BALANCE, APRIL 1, 2007	<u>289,309</u>	<u>289,309</u>	
FUND BALANCE, MARCH 31, 2008	<u>\$ 135,100</u>	<u>\$ 185,525</u>	<u>\$ 50,425</u>

CEMETERY  
FUND

HARTLAND TOWNSHIP  
CEMETERY FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

UNRESTRICTED ASSETS

Cash		\$	8,276
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RESTRICTED ASSETS

Cash

Crouse	\$	41,729
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George T. Arthur Trust		58,714
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Perpetual care		<u>19,867</u>
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Total restricted assets		<u>120,310</u>
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Total assets		<u><u>\$ 128,586</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	18
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FUND BALANCE

	<u>128,568</u>
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Total liabilities and fund balance	<u><u>\$ 128,586</u></u>
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HARTLAND TOWNSHIP  
CEMETERY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$	\$ 5,639	\$
Sale of cemetery lots		<u>7,211</u>	
Total revenues	6,350	12,850	6,500
EXPENDITURES			
Maintenance of cemeteries	<u>22,447</u>	<u>19,730</u>	<u>2,717</u>
Excess of revenues over (under) expenditures	(16,097)	(6,880)	9,217
OTHER FINANCING SOURCES			
Transfers in	<u>18,000</u>	<u>18,000</u>	
Net change in fund balance	1,903	11,120	9,217
FUND BALANCE, APRIL 1, 2007	<u>117,448</u>	<u>117,448</u>	
FUND BALANCE, MARCH 31, 2008	<u><u>\$ 119,351</u></u>	<u><u>\$ 128,568</u></u>	<u><u>\$ 9,217</u></u>

TOWNSHIP  
IMPROVEMENT  
REVOLVING  
FUND

HARTLAND TOWNSHIP  
TOWNSHIP IMPROVEMENT REVOLVING FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSET

ASSET  
Cash

\$ 296,752

FUND BALANCE

FUND BALANCE

\$ 296,752

HARTLAND TOWNSHIP  
TOWNSHIP IMPROVEMENT REVOLVING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2008

REVENUES	
Interest	\$ 22,207
EXPENDITURES	<hr/>
Excess of revenues over (under) expenditures	22,207
OTHER FINANCING SOURCES (USES)	
Transfers (out)	<hr/> (556,388)
Net change in fund balance	(534,181)
FUND BALANCE, APRIL 1, 2007	<hr/> 830,933
FUND BALANCE, MARCH 31, 2008	<hr/> <hr/> \$ 296,752

TOWNSHIP HALL  
DEBT  
SERVICE  
FUND

HARTLAND TOWNSHIP  
TOWNSHIP HALL DEBT SERVICE FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash

\$ 138,810

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds

\$ 137,000

FUND BALANCE

1,810

Total liabilities and fund balance

\$ 138,810

HARTLAND TOWNSHIP  
TOWNSHIP HALL DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2008

REVENUES		
Interest		\$ 1,787
EXPENDITURES		
Loan - principal	\$ 73,383	
Loan - interest	<u>63,581</u>	
Total expenditures		<u>136,964</u>
Excess of revenues over (under) expenditures		(135,177)
OTHER FINANCING SOURCES		
Transfers in		<u>136,964</u>
Net change in fund balance		1,787
FUND BALANCE, APRIL 1, 2007		<u>23</u>
FUND BALANCE, MARCH 31, 2008		<u><u>\$ 1,810</u></u>

ROLLING HILLS  
DEBT SERVICE FUND

HARTLAND TOWNSHIP  
ROLLING HILLS DEBT SERVICE FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$ 57,906
Special assessment receivable	536,490
Due from county	<u>3,822</u>
Total assets	<u>\$ 598,218</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues	\$ 536,490
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FUND BALANCE

	<u>61,728</u>
Total liabilities and fund balance	<u>\$ 598,218</u>

HARTLAND TOWNSHIP  
 ROLLING HILLS DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED MARCH 31, 2008

REVENUES		
Special assessments	\$ 104,717	
Interest income	<u>437</u>	
Total revenues		\$ 105,154
EXPENDITURES		
Loan - principal	\$ 28,000	
Loan - interest	<u>15,426</u>	
Total expenditures		<u>43,426</u>
Net change in fund balance		61,728
FUND BALANCE, APRIL 1, 2007		<u>          </u>
FUND BALANCE, MARCH 31, 2008		<u><u>\$ 61,728</u></u>

CAPITAL IMPROVEMENT  
FUND

HARTLAND TOWNSHIP  
CAPITAL IMPROVEMENT FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$ 809,846
Due from other funds	<u>1,363,720</u>
Total assets	<u>\$ 2,173,566</u>

FUND BALANCE

FUND BALANCE	<u>\$ 2,173,566</u>
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HARTLAND TOWNSHIP  
CAPITAL IMPROVEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2008

REVENUES	
Interest	\$ 37,995
EXPENDITURES	<hr/>
Excess of revenues over (under) expenditures	37,995
OTHER FINANCING SOURCES	
Transfers in	<hr/> 1,363,720
Net change in fund balance	1,401,715
FUND BALANCE, APRIL 1, 2007	<hr/> 771,851
FUND BALANCE, MARCH 31, 2008	<hr/> <hr/> \$ 2,173,566

TOWNSHIP HALL  
CONSTRUCTION  
FUND

HARTLAND TOWNSHIP  
TOWNSHIP HALL CONSTRUCTION FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash

\$ 2,816

FUND BALANCE

FUND BALANCE

\$ 2,816

HARTLAND TOWNSHIP  
TOWNSHIP HALL CONSTRUCTION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2008

REVENUES	
Interest	\$ 6,556
EXPENDITURES	
Capital outlay - construction	<u>1,696,692</u>
Excess of revenues over (under) expenditures	(1,690,136)
OTHER FINANCING SOURCES	
Transfers in	<u>646,253</u>
Net change in fund balance	(1,043,883)
FUND BALANCE, APRIL 1, 2007	<u>1,046,699</u>
FUND BALANCE, MARCH 31, 2008	<u><u>\$ 2,816</u></u>

ROLLING HILLS  
CONSTRUCTION FUND

HARTLAND TOWNSHIP  
ROLLING HILLS CONSTRUCTION FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash

\$ 614,163

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds

\$ 7,185

FUND BALANCE

606,978

Total liabilities and fund balance

\$ 614,163

HARTLAND TOWNSHIP  
 ROLLING HILLS CONSTRUCTION FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED MARCH 31, 2008

REVENUES	
Interest income	<u>\$ 12,726</u>
EXPENDITURES	
Project costs	6,301
Debt issuance costs	<u>7,447</u>
Total expenditures	<u>13,748</u>
Excess of revenues over (under) expenditures	(1,022)
OTHER FINANCING SOURCES	
Bond proceeds	<u>608,000</u>
Net change in fund balance	606,978
FUND BALANCE, APRIL 1, 2007	<u>                    </u>
FUND BALANCE, MARCH 31, 2008	<u><u>\$ 606,978</u></u>

WATER  
SYSTEM  
FUND

HARTLAND TOWNSHIP  
WATER SYSTEM FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

CURRENT ASSETS

Cash	\$ 997,947
Accounts receivable - billings	65,304
Inventory	<u>20,409</u>

Total current assets \$ 1,083,660

RESTRICTED ASSETS

Cash	1,821,824
Special assessment receivable - deferred	5,530,854
Bond fees - net of amortization	<u>89,040</u>

Total restricted assets 7,441,718

PROPERTY, PLANT AND EQUIPMENT

Land	300,000
Equipment	2,586
Water system	<u>9,107,681</u>
	9,410,267
Less accumulated depreciation	<u>(1,374,185)</u>

Net property, plant and equipment 8,036,082

Total assets \$ 16,561,460

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 31,176
Accrued interest payable	123,349
Accrued wages/taxes	745
Due to other funds	<u>904</u>

Total current liabilities		\$ 156,174
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CURRENT LIABILITIES (from restricted assets)

Current portion of long term debt - bonds payable		450,000
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LONG-TERM LIABILITIES (from restricted assets)

Bonds payable after one year		<u>6,025,000</u>
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Total liabilities		6,631,174
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FUND EQUITY

Retained earnings		<u>9,930,286</u>
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Total liabilities and fund equity		<u><u>\$ 16,561,460</u></u>
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HARTLAND TOWNSHIP  
WATER SYSTEM FUND  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2008

OPERATING REVENUES

User charges	\$ 258,575
Meter sales	<u>5,540</u>

Total operating revenues \$ 264,115

OPERATING EXPENSES

Depreciation	228,038
Contracted services	5,632
Engineering services	163,992
Legal fees	2,237
Audit fees	4,133
Repair and maintenance	5,567
Payroll taxes	1,994
Insurance	6,756
Meters	11,936
Supplies and postage	615
Dues	275
Miscellaneous	1,636
Small equipment	322
Wages	<u>26,532</u>

Total operating expenses 459,665

Operating (loss) (195,550)

NON-OPERATING REVENUES (EXPENSES)

Interest income - special assessments	341,273
Interest income - cash	101,984
Interest expense	(297,744)
Amortization - bond fees	(6,720)
Other (expenses)	<u>(275)</u>

Total non-operating revenues 138,518

CAPITAL CONTRIBUTIONS

Connection fees	<u>57,012</u>
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Net (loss) \$ (20)

HARTLAND TOWNSHIP  
WATER SYSTEM FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2008

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Cash from users	\$ 267,366
Cash paid to vendors	(188,074)
Cash paid to employees	(26,367)
Cash from interfund transactions	<u>4,863</u>

Net cash from operating activities \$ 57,788

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED  
FINANCING ACTIVITIES

Connection fees received	57,012
Special assessment collections	601,074
Interest received on assessments	341,273
Repayment of principal on bonds	(450,000)
Interest/fees paid on bonds	<u>(306,550)</u>

Net cash from capital and related  
financing activities 242,809

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income 101,984

Net increase in cash and cash equivalents 402,581

CASH AND CASH EQUIVALENTS AT APRIL 1, 2007

2,417,190

CASH AND CASH EQUIVALENTS AT MARCH 31, 2008

\$ 2,819,771

RECONCILIATION OF OPERATING (LOSS) TO NET CASH  
PROVIDED FROM OPERATING ACTIVITIES

Operating (loss) \$ (195,550)

Adjustments to reconcile operating (loss) to net cash  
provided by operating activities

Depreciation/amortization	\$ 228,038
Changes in asset and liabilities:	
Decrease in accounts receivable	7,210
Decrease in inventory	11,936
Increase in accounts payable/accrued expenses	<u>6,154</u>

Total adjustments 253,338

Net cash provided from operating activities \$ 57,788

SEWAGE  
DISPOSAL  
SYSTEM  
FUND

HARTLAND TOWNSHIP  
SEWAGE DISPOSAL SYSTEM FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

CURRENT ASSETS

Cash	\$ 686,407	
Accounts receivable - billings	210,000	
Due from other funds	316,768	
Accounts receivable - connection fees	<u>1,281,934</u>	
Total current assets		\$ 2,495,109

RESTRICTED ASSETS

Cash	5,237,060	
Special assessment receivable	14,556,264	
Due from county - construction funds	124,321	
Bond issuance costs - net of amortization of \$17,368	<u>145,457</u>	
Total restricted assets		20,063,102

PROPERTY, PLANT AND EQUIPMENT

Land		<u>1,044,008</u>
Total assets		<u><u>\$ 23,602,219</u></u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 59,015	
Accrued payroll/taxes	<u>721</u>	
Total current liabilities		\$ 59,736

CURRENT LIABILITIES (from restricted assets)

Contracts payable - Livingston Country Drain Commission - sewer expansion/projects		1,290,000
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LONG-TERM LIABILITIES (from restricted assets)

Contracts payable - Livingston County Drain Commission - sewer expansion/projects		<u>23,315,441</u>
Total liabilities		24,665,177

FUND EQUITY

Retained earnings (deficit)		<u>(1,062,958)</u>
Total liabilities and fund equity		<u><u>\$ 23,602,219</u></u>

HARTLAND TOWNSHIP  
SEWAGE DISPOSAL SYSTEM FUND  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2008

OPERATING REVENUES		
User charges		\$ 587,896
OPERATING EXPENSES		
Sewer usage fees	\$ 693,731	
Audit fees	5,133	
Contracted services	25,404	
Expansion project - county	2,390,148	
Legal fees	380	
Miscellaneous	1,560	
Repair and maintenance	121,412	
Supplies and postage	1,926	
Salary and payroll taxes	<u>50,807</u>	
Total operating expenses		<u>3,290,501</u>
Operating (loss)		(2,702,605)
NON-OPERATING REVENUES (EXPENSES)		
Interest income - special assessments	782,153	
Interest income - cash	297,588	
Bond fees	(800)	
Rental income	36,950	
Interest expense	(995,741)	
Amortization - bond fees	(6,513)	
Other income	<u>206</u>	
Total non-operating revenues		113,843
CAPITAL CONTRIBUTIONS		
Connection fees		62,315
TRANSFERS IN		322,764
TRANSFERS (OUT)		<u>(153,822)</u>
Net (loss)		<u><u>\$ (2,357,505)</u></u>

HARTLAND TOWNSHIP  
SEWAGE DISPOSAL SYSTEM FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2008

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Cash from users	\$ 570,832
Cash paid to vendors	(1,860,179)
Cash paid to employees	(50,651)
Cash received from other funds	<u>47,511</u>

Net cash (used in) operating activities \$ (1,292,487)

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED  
FINANCING ACTIVITIES

Proceeds from the sale of assets	49,400
Special assessment collections	1,182,482
Interest received on assessments	782,153
Repayment of principal on bonds	(1,265,000)
Interest fees paid on bonds	(995,741)
Bond fees paid	(800)
Tap fees received	<u>62,315</u>

Net cash (used in) capital and related  
financing activities (185,191)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>297,588</u>
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Net (decrease) in cash and cash equivalents (1,180,090)

CASH AND CASH EQUIVALENTS AT APRIL 1, 2007

7,103,557

CASH AND CASH EQUIVALENTS AT MARCH 31, 2008

\$ 5,923,467

RECONCILIATION OF OPERATING (LOSS) TO NET CASH  
FROM (USED IN) OPERATING ACTIVITIES

Operating (loss) \$ (2,702,605)

Adjustments to reconcile operating (loss) to net cash  
provided by operating activities

Other revenues	\$ 206
Rental income	36,950
Changes in asset and liabilities:	
(Increase) in accounts receivable - billings	(17,064)
Decrease in due from other funds	18,662
Decrease in in due from county construction funds	2,154,221
(Decrease) in accounts payable/accrued expense	(774,550)
(Decrease) in due to other funds	<u>(8,307)</u>

Total adjustments 1,410,118

Net cash (used in) operating activities \$ (1,292,487)

CURRENT  
TAX  
COLLECTION  
FUND

HARTLAND TOWNSHIP  
CURRENT TAX COLLECTION FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash

\$ 45,050

LIABILITIES

LIABILITIES

Due to general fund

\$ 45,048

Due to others

2

Total liabilities

\$ 45,050

TRUST  
AND  
AGENCY  
FUND

HARTLAND TOWNSHIP  
TRUST AND AGENCY FUND  
BALANCE SHEET  
MARCH 31, 2008

ASSETS

ASSETS

Cash

\$ 299,295

LIABILITIES

LIABILITIES

Due to general fund

\$ 4,886

Due to others

294,409

Total liabilities

\$ 299,295

July 31, 2008

Board of Trustees  
Hartland Township  
3191 Hartland Road  
Hartland, MI 48353

Dear Honorable Board of Trustees:

During our audit of Hartland Township we came across the following matters that we would like to discuss with you as part of our audit presentation for the year ending March 31, 2008.

The matter which we would like to discuss with you is as follows:

There is a new auditing standard (SAS #112) which we are required to follow as your auditing firm. This new standard relates to more formal communications by us to you regarding significant deficiencies in your internal controls and accounting procedures.

There are certain issues (deficiencies) which were previously considered general comments but under the new standard are now considered significant deficiencies.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's or detected by the entity's internal control.

We consider the following to be a material weakness of the Township.

- Historically, the Township has relied on independent external auditors in the preparation of their financial statements and required disclosures. The Township has determined that the cost/benefit of preparing the financial statements and disclosures are best served by continuing this practice.
- The special assessments levied to finance the water/wastewater treatment plant and collection system is considerably less than the outstanding debt owed by the Township to the bondholders.

The following are other comments and recommendations relating to the Township's accounting and record keeping procedures:

- Safeguarding of assets was a concern addressed during the year, and the Township needs to continue its efforts in ensuring that assets have little opportunity for misappropriation.
- There is a lack of controls over the utility billings process. Items observed included billings not consistently billed timely, and not reconciled to the general ledger. The Township should oversee that the billings are sent out in a timely fashion, and can be reconciled to the general ledger. The Township should reconcile usage with billings on a regular basis, and make attempts to identify users receiving utility service and not being billed.
- A deficit occurred in the Sewer Fund, and a deficit elimination plan will need to be sent to the State of Michigan detailing the Township's plan to remedy the deficit. The amounts being charged for sewer usage are not covering the costs of the system operations. The Township has completed a sewer rate study, and is taking action to remedy.
- The Liquor Law Fund is accumulating a substantial balance. The Township should evaluate what it intends to do with these restricted funds.
- A budget was not prepared for the Public Improvement Revolving Fund. This is a special revenue fund, and is required to have a budget in accordance with Public Act 493 of 2000.
- The Township's Fire Fund is accumulating a fund balance. The Township may wish to evaluate a long-term plan for use of these assets. Which may include future capital assets to be purchased and/or extinguishment of the debt held on the building.

### Conclusion

Thank you for your assistance and hospitality toward our firm while conducting the audit of Hartland Township.

If you should have any questions, comments or concerns please do not hesitate to call us.

This report is intended solely for the information and use of the Board of Trustees and management of Hartland Township and is not intended to be and should not be used by anyone other than the specified parties.

*Pfeffer, Hanniford & Palka, P.C.*

PFEFFER, HANNIFORD & PALKA  
Certified Public Accountants